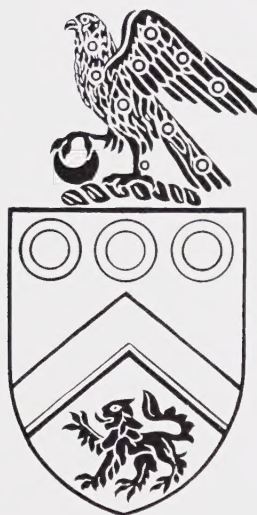



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HAMBRO CORPORATION OF CANADA LIMITED



Annual Report

FOR THE ELEVEN MONTHS ENDED 31st MARCH, 1971



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HAMBRO CORPORATION OF CANADA LIMITED

BOARD OF DIRECTORS

E. R. E. CARTER	J. O. HAMBRO
M. A. COOPER	R. N. HAMBRO
N. F. W. H. D'ARCY*	P. D. HILL-WOOD
N. C. D'ARCY*	W. F. JAMES, PH.D.
HON. G. B. FOSTER, Q.C.	J. B. L. THOMAS
C. E. A. HAMBRO	R. A. WHEELER

*Resigned since March 31, 1971

OFFICERS

J. O. HAMBRO	- - - - -	<i>President and Joint Chairman of the Board</i>
N. F. W. H. D'ARCY*	- - - - -	<i>Joint Chairman of the Board</i>
B. SIMPSON*	- - - - -	<i>Secretary</i>
J. B. L. THOMAS	- - - - -	<i>Treasurer</i>

*Resigned since March 31, 1971

TRANSFER AGENTS AND REGISTRARS

COMMON SHARES:

NATIONAL TRUST COMPANY, LIMITED	- - - - -	Montreal, Toronto and Vancouver
LOCANA CORPORATION (LONDON) LIMITED	- - - - -	Transfer Agent—London, England
CANADIAN IMPERIAL BANK OF COMMERCE	- - - - -	Registrar—London, England

PREFERRED SHARES:

NATIONAL TRUST COMPANY, LIMITED	- - - - -	Montreal, Toronto and Vancouver
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BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE	- - - - -	Toronto
HAMBROS BANK LIMITED	- - - - -	London, England
TORONTO-DOMINION BANK	- - - - -	Toronto

SOLICITORS

FOSTER, LEGGAT, COLBY & RIOUX	- - - - -	Montreal
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AUDITORS

CLARKSON, GORDON & CO.	- - - - -	Toronto
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CUSTODIAN

CANADIAN IMPERIAL BANK OF COMMERCE	- - - - -	Toronto
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OFFICES OF THE COMPANY

HEAD OFFICE: SUITE 3301-1155 DORCHESTER BLVD. WEST, MONTREAL
EXECUTIVE OFFICE: SUITE 1104, ROYAL TRUST TOWER,
TORONTO DOMINION CENTRE, TORONTO 111

HAMBRO CORPORATION OF CANADA LIMITED

AND SUBSIDIARY COMPANIES

To the Shareholders:

The period under review has been one of great change for your Company. In October arrangements were completed for the merger of the British Empire Investment Trust with Hambros Limited and this resulted in the former's controlling interest in your Company passing to Hambro. To assist in this identification the name of the Company was changed to its present form in February, 1971.

BOARD CHANGES

Following upon the change of control the By-laws of the Company were amended to increase the size of the board to 12 directors from 10 and the board was substantially reorganized with the following changes being made:

Resignations

F. H. BROWN

J. I. CROOKSTON

E. D. FRASER

G. OSMINT

G. O. PEAKE

Appointments

E. R. E. CARTER

M. A. COOPER

N. C. D'ARCY

C. E. A. HAMBRO

P. D. HILL-WOOD

J. B. L. THOMAS

R. A. WHEELER

In regard to the resigning directors I would like to take this opportunity of expressing on behalf of the Company, our appreciation for their services and counsel over many years. Of the newly-appointed directors Mr. C. E. A. Hambro is Deputy Chairman of Hambros Limited whilst Mr. Wheeler and Mr. Hill-Wood are Executive Directors of Hambros Bank responsible respectively for investment banking and funds management. Mr. Thomas has been treasurer of Hambro Corporation of Canada Limited for some years and was recently appointed Executive Vice-President.

Of the other directors I am sure that Mr. Carter (President and Chief Executive Officer of The Patiño Mining Corporation) and Mr. Cooper (President and Managing Director of Falconbridge Nickel Mines Limited) are already well-known to you.

More recently there have been further board changes with the resignation of Mr. Norman D'Arcy and his son Nicolas consequent upon their decision to devote their time to the affairs of Locana Corporation Ltd. which has moved to separate offices in Toronto. Mr. Norman D'Arcy was largely responsible for the re-organization in 1954 of Anglo-Norwegian Holdings into a closed-end investment holding company under the name of Anglo-Scandinavian Investment Corporation of Canada. Since that time he has been the prime mover in the growth and development of the Company and on behalf of the shareholders, the board joins with me in expressing our gratitude and appreciation for Mr. D'Arcy's services over this period.

FINANCIAL REPORT

Markets were rather unsettled in 1970 and the total net assets of the Company at market value declined from \$29,331,836 to \$26,726,655. Whilst the value per common share at the end of the period fell from \$24.85 to \$22.44.

To bring the Company into line with others in the Hambro Group, the year-end has been changed to 31st March, and reported income thus relates to a period of eleven months. For this period (figures for year to April 30, 1970 shown in brackets) gross income amounted to \$832,641 (\$747,385) and net profit, including gains on portfolio changes, to \$631,923 (\$1,406,577).

The dividend on the common shares was maintained at \$0.40 per share.

PORTFOLIO

The holdings of McIntyre Porcupine Mines and Falconbridge Nickel Mines continue to represent a very large part of the portfolio, and the news of the development of McIntyre's Smoky River Coal Project is encouraging. The vacillation of metal prices will continue to play a major part in determining the value of the portfolio.

During the period additional shares were acquired in Locana Mineral Holdings Ltd. which has in consequence become a subsidiary of Hambro Corporation of Canada Limited. Further shares have been acquired since the end of the period and we now hold 80.7 percent of the capital of Locana Mineral Holdings Ltd.

Whilst the investment holding function of the group will continue, it is intended that this should

be concentrated on a relatively small number of special situations rather than a broad investment portfolio, and to this end, the number of separate shareholdings has already been substantially reduced.

THE HAMBRO GROUP AND PLANS FOR THE FUTURE

Hambro Corporation of Canada Limited, whilst an entirely separate entity, is an integral part of the International Hambro Organization with offices in many parts of the world.

The Hambro Group has had a substantial and continuing interest in Canada for the past twenty years through its holdings in various investment companies and more directly through shareholdings in a number of Canadian companies. However, these holdings had become rather ineffective and it was accordingly decided that the time had come for the Hambro Group to consolidate its interests in a form which would permit them to be given more purpose. This was achieved in the manner outlined above and has, I am sure, provided us with the vehicle which we need to further our plans in Canada. Our next requirement is the recruitment of a strong management team and we are moving ahead with this as quickly as possible.

The overall policy of our Group is two-fold: To apply the experience and know-how built up and developed in Europe and elsewhere, to other areas, and to work with local interests. To this end we hope, in conjunction with other Canadian institutions to cover a large part of the financial activities normally associated with merchant banking, other than deposit and loan banking. We shall accordingly be looking at the prospects for investment management and advisory services, property advice, development and finance, company financings, equipment leasing, insurance broking, special situations, venture capital and acquisitions. We shall not, of course, be entering all these areas immediately, and in some cases subsequent investigations may show that certain operations do not fit in with our plans. In this connection we are naturally paying great attention to current proposals and changes in the sphere of taxation.

In conclusion may I express the pleasure of all those in the Hambro Group at being on the threshold of new developments in Canada. We are confident that many challenging opportunities will arise and we are satisfied that we are well-placed to take advantage of them.

J. O. HAMBRO
President

June 3, 1971

HAMBRO CORPORATION OF CANADA LIMITED
AND SUBSIDIARY COMPANIES

AUDITORS' REPORT

To the Shareholders of

HAMBRO CORPORATION OF CANADA LIMITED:

(formerly Anglo-Scandinavian Investment Corporation of Canada)

We have examined the consolidated balance sheet of Hambro Corporation of Canada Limited and its subsidiary companies as at March 31, 1971 and the consolidated statements of earnings and retained earnings and changes in net assets for the eleven months then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us, and as shown by the books of the companies, these consolidated financial statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at March 31, 1971 and the results of their operations and the changes in their net assets for the eleven months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the change in accounting basis referred to in note 5 to the consolidated financial statements.

Toronto, Canada,

April 21, 1971.

(except as to note 2 which
is as of May 4, 1971)

CLARKSON, GORDON & Co.

Chartered Accountants

HAMBRO CORPORATION

(Incorporated under the laws of the State of New York)
AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET

(with comparative figures at April 30, 1970)

ASSETS

	1971	1970
Current:		
Cash and bank deposit receipts - - - - -	\$ 1,748,425	\$ 521,273
Demand loans receivable - - - - -	423,000	
Short-term notes at amortized cost - - - - -		448,260
Dividends and sundry receivables - - - - -	44,127	11,624
Trading securities, at the lower of average cost and market (quoted market value \$983,800; 1970 — \$192,100) (notes 3 and 5) - - - -	737,175	190,331
Receivable upon delivery of securities sold - - - - -	366,084	12,885
Total current assets - - - - -	3,318,811	1,184,373
Investments, at average cost (note 3):		
Affiliated company —		
Hambro International N.V. - - - - -	1,206,912	
Other companies (quoted market value — \$23,334,200; 1970 — \$28,232,600; including \$1,054,600 (1970 — \$649,600) at cost for which no quoted market value is available) (see schedule)	16,055,447	18,613,600
Total investments - - - - -	17,262,359	18,613,600
Furniture, fixtures and leasehold improvements, at cost - - - - -	38,952	
Less accumulated depreciation and amortization - - - - -	1,678	
Total fixed assets - - - - -	37,274	
Other:		
Management contracts, at cost - - - - -	50,000	
Deferred expenses - - - - -	8,701	
Total other assets - - - - -	58,701	
	\$20,677,145	\$19,797,973

(See accompanying notes to financial statements)

OF CANADA LIMITED

the laws of Quebec)

COMPANIES (NOTE 2)

SHEET MARCH 31, 1971

restated and reclassified) (notes 5 and 6)

LIABILITIES

	1971	1970
Current:		
Accounts payable and accrued charges - - - - -	\$ 75,035	\$ 29,997
Payable upon receipt of securities purchased - - - - -		56,909
Dividend payable on preferred shares - - - - -	34,375	
Total current liabilities - - - - -	109,410	86,906
Minority interest in net assets of Locana Mineral Holdings Ltd. (note 2) -	794,066	
Shareholders' equity:		
Capital —		
Authorized:		
200,000 redeemable preferred shares of \$25 par value each, issuable in series		
2,000,000 common shares of \$5 par value each		
Issued:		
100,000 5½% cumulative redeemable preferred shares, Series A (note 4) - - - - -	2,500,000	2,500,000
1,079,550 common shares - - - - -	5,397,750	5,397,750
	7,897,750	7,897,750
Contributed surplus - - - - -	3,945,145	3,945,145
Retained earnings - - - - -	7,930,774	7,868,172
Total shareholders' equity - - - - -	19,773,669	19,711,067
On behalf of the Board:		
J. O. HAMBRO, <i>Director</i>		
W. F. JAMES, <i>Director</i>		
	\$20,677,145	\$19,797,973

olidated financial statements)

HAMBRO CORPORATION OF CANADA LIMITED

AND SUBSIDIARY COMPANIES (NOTE 2)

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS FOR THE ELEVEN MONTHS ENDED MARCH 31, 1971

(with comparative figures for the year ended April 30, 1970, as restated and reclassified)
(notes 1, 5 and 6)

CONSOLIDATED STATEMENT OF EARNINGS		1971	1970
Income:			
Dividends - - - - -		\$ 622,853	\$ 680,931
Interest - - - - -		97,555	104,919
Profit (loss) on security trading - - - - -		49,007	(32,490)
Management fees - - - - -		25,042	
Reduction (increase) in allowance required to reduce carrying value of trading securities to the lower of average cost and market - - - -		38,184	(5,975)
		<u>832,641</u>	<u>747,385</u>
Expense:			
Directors' remuneration - - - - -		41,302	17,112
Management fees - - - - -		64,319	98,786
Depreciation and amortization - - - - -		1,678	
General and administrative - - - - -		95,440	24,880
		<u>202,739</u>	<u>140,778</u>
Earnings before the undernoted items - - - - -		629,902	606,607
Income and foreign withholding taxes - - - - -		61,000	40,400
		<u>568,902</u>	<u>566,207</u>
Net gain on investment portfolio changes - - - - -		104,982	840,370
Earnings before extraordinary items and minority interest - - - - -		<u>673,884</u>	<u>1,406,577</u>
Extraordinary items:			
Reduction of current year's income taxes resulting from carry forward of prior years' losses of subsidiary - - - - -		40,000	
Foreign exchange loss resulting from "unpegging" of Canadian dollar -		17,426	
		<u>22,574</u>	
Earnings before minority interest - - - - -		696,458	
Minority interest in earnings of Locana Mineral Holdings Ltd. - - - - -		64,535	
Net earnings for the period (note 8) - - - - -		<u>\$ 631,923</u>	<u>\$1,406,577</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Retained earnings, beginning of period:			
As previously reported - - - - -		\$7,915,341	\$7,072,110
Adjustment to reduce carrying value of trading securities to the lower of average cost and market (note 5) - - - - -		47,169	41,194
As restated - - - - -		7,868,172	7,030,916
Net earnings for the period - - - - -		631,923	1,406,577
		<u>8,500,095</u>	<u>8,437,493</u>
Deduct dividends declared:			
Preferred shares (\$1.375 per share) - - - - -		137,501	137,501
Common shares (\$.40 per share) - - - - -		431,820	431,820
		<u>569,321</u>	<u>569,321</u>
Retained earnings, end of period - - - - -		<u>\$7,930,774</u>	<u>\$7,868,172</u>

(See accompanying notes to consolidated financial statements)

HAMBRO CORPORATION OF CANADA LIMITED

AND SUBSIDIARY COMPANIES (NOTE 2)

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE ELEVEN MONTHS ENDED MARCH 31, 1971

(with comparative figures for the year ended April 30, 1970)

	1971	1970
Net asset value, beginning of period, including unrealized net appreciation (1971 — \$9,620,769; 1970 — \$8,203,588) of trading and investment portfolios —		
1971 — \$24.85 per common share		
1970 — \$22.76 per common share - - - - -	\$29,331,836	\$27,077,399
Changes during the period:		
Proceeds on sale of securities - - - - -	8,139,409	3,080,808
Cost of securities sold* - - - - -	7,985,420	2,272,928
Gain realized on sale of securities - - - - -	153,989	807,880
Reduction (increase) in allowance required to reduce carrying value of trading securities to the lower of cost and market - - - - -	38,184	(5,975)
Investment income - - - - -	720,408	785,850
	912,581	1,587,755
Expenses and income taxes, less management fee income - - - - -	216,123	181,178
	696,458	1,406,577
Dividends declared - - - - -	569,321	569,321
	127,137	837,256
Increase (decrease) in unrealized net appreciation of trading and investment portfolios - - - - -	(2,095,391)	1,417,181
	(1,968,254)	2,254,437
Minority interest in earnings and unrealized appreciation of trading and investment portfolios - - - - -	636,927	
Increase (decrease) in net asset value in the period - - - - -	(2,605,181)	2,254,437
Net asset value, end of period, including unrealized net appreciation (1971 — \$7,525,378; 1970 — \$9,620,769) of trading and investment portfolios —		
1971 — \$22.44 per common share		
1970 — \$24.85 per common share - - - - -	\$26,726,655	\$29,331,836
*Cost of securities sold:		
Cost of securities, beginning of year - - - - -	\$18,851,100	\$17,735,206
Cost of securities purchased - - - - -	7,160,430	3,388,822
	26,011,530	21,124,028
Cost of securities, end of year - - - - -	18,026,110	18,851,100
Cost of securities sold - - - - -	\$ 7,985,420	\$ 2,272,928

(See accompanying notes to consolidated financial statements)

HAMBRO CORPORATION OF CANADA LIMITED

AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 1971

1. CHANGE IN NAME AND FISCAL YEAR END

By supplementary letters patent dated February 2, 1971, the company changed its name from Anglo-Scandinavian Investment Corporation of Canada to Hambro Corporation of Canada Limited. In addition, the company changed its fiscal year end from April 30 to March 31; accordingly the accompanying consolidated statement of earnings for the period ended March 31, 1971 reflects the results of operations for an eleven month period only.

2. SUBSIDIARIES AND PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of the wholly-owned subsidiary, Anglo-Scandinavian Securities Ltd., as well as the accounts of the 51.8% owned subsidiary, Locana Mineral Holdings Ltd., from the effective date of acquisition of control of that company in October, 1970.

The company's above share interest in Locana Mineral Holdings Ltd. was acquired at a cost of \$1,468,337. Subsequent to March 31, 1971, this share interest was increased to 80.7% at an additional cost of \$693,100.

3. MARKET VALUE OF SECURITIES

The quoted market value of trading securities and of investments as stated in the consolidated balance sheet at March 31, 1971 is based on the average of the quoted bid and ask prices of the trading securities and investments at the close of trading on that date. Such quoted amounts do not necessarily represent the value of entire blocks of holdings which may be more or less than the value indicated by market quotations.

4. PREFERRED SHARE CAPITAL

The preferred shares are redeemable at a premium of 4½% on or before February 1, 1976, 3½% thereafter to February 1, 1981, 2½% thereafter to February 1, 1986 and 1½% thereafter.

5. CHANGE IN ACCOUNTING BASIS

In the period ended March 31, 1971, the policy was adopted of carrying trading securities, which were formerly carried at average cost, at the lower of average cost and market.

In the accompanying financial statements, comparative figures for the year ended April 30, 1970 have been restated to reflect the retroactive application of this change in accounting basis, the result of which was to decrease consolidated net earnings for the year then ended by \$5,975 from the amount previously reported.

6. RECLASSIFICATION

Certain of the 1970 comparative figures included in the accompanying consolidated financial statements have been reclassified to conform with 1971 presentation.

7. COMMITMENTS

The subsidiary company, Anglo-Scandinavian Securities Ltd., is committed under a lease agreement with respect to its office premises to annual rental payments of approximately \$30,000 until 1977.

8. EARNINGS PER COMMON SHARE

Earnings per common share, after deducting earnings attributable to the company's outstanding 5½% preferred shares, were as follows:

	<u>1971</u>	<u>1970</u>
		(note 5)
Earnings per common share before net gain on investment portfolio changes		
and extraordinary items - - - - -	<u>\$0.39</u>	<u>\$0.40</u>
Earnings per common share - - - - -	<u>\$0.46</u>	<u>\$1.18</u>

HAMBRO CORPORATION OF CANADA LIMITED

AND SUBSIDIARY COMPANIES

SCHEDULE OF INVESTMENTS

(EXCLUDING INVESTMENT IN AFFILIATED COMPANY)

MARCH 31, 1971

<u>Number of shares</u>	<u>INVESTMENT</u>	<u>Quoted market value</u>
	Common shares of:	
122,354	McIntyre Porcupine Mines Limited - - - - -	\$17,221,325
26,100	Falconbridge Nickel Mines Limited - - - - -	3,849,750
30,000	Hastings West Investment Ltd. - - - - -	405,000*
58,130	Locana Corporation Ltd. - - - - -	653,950
		<u>22,130,025</u>
	Other common and preferred shares (including \$649,600 at cost for which no quoted market value is available) - - - - -	<u>1,204,175</u>
		<u>\$23,334,200</u>

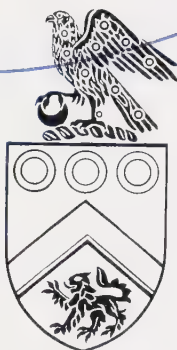
*Unquoted stock — shown at cost.

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HAMBRO CORPORATION OF CANADA LIMITED



INTERIM REPORT

FOR THE 6 MONTHS ENDED SEPTEMBER 30, 1971

This is the first half yearly report since your Company became part of the Hambro group.

During the period Canadian stock markets have not been at all buoyant particularly in respect of base metal shares and our portfolio has been especially affected by the fall in the market price of McIntyre shares.

Management has been active during the period. In view of market conditions many of the long-held investments were realised and working capital increased by over \$4¼ million to approximately \$7 million. We continued however to operate a trading account in a subsidiary which has realised some healthy profits and despite stock market conditions at September 30, 1971 the market value of the portfolio of trading securities approximated cost.

We have also made three major new investments. The first was the acquisition of National Sales Incentives Limited by Locana Mineral Holdings Ltd., a listed company then controlled by this company. The subsequent sale of approximately half our holding of Locana Mineral realised a profit of about \$600,000 after the receipt of a dividend of \$387,000 which was applied in reducing the book cost of our holding. We regard the remaining minority holding as an investment with great potential. The second was a short term loan with warrants to Crescent General Corporation, a Utah Corporation under the management of Mr. Clyde Skeen, former president of LTV and Mr. Robert Ringer. Crescent subsequently acquired approximately 19% of Illustrated World Encyclopedia, a company listed on the American Stock Exchange. Development of this group is going according to plan. On October 6th a tender for all the shares of Winnipeg Supply & Fuel Company, Limited was completed in partnership with Mr. Neil Baker. The tender was successful to the extent of approximately 95% at a total joint cost of approximately \$4¼ million.

We have considered a large number of other potential investments many of which have been rejected but some of which are under current consideration.

In view of the change of business since Hambros took over it has been decided to defer consideration of the payment of a dividend on the common shares until after the end of the current financial year.

November 3, 1971

JOCELYN HAMBRO
President



NOTES:

1. Due to the change in the year-end, comparative figures for the six months ended September 30, 1970 are not available. The figures which are shown in this report for comparative purposes cover the six month period ended October 31, 1970, the same period upon which the interim report was issued during the previous financial year.
2. In the period ended March 31, 1971, the company adopted the policy of carrying its trading securities, which were formerly carried at average cost, at the lower of average cost and market. The comparative figures for the six months ended October 31, 1970 have been restated to reflect the retroactive application of this change in policy, the result of which was to increase net earnings for the period by \$15,285 from the amount previously reported. The restated figures for working capital as at April 1, 1971 and May 1, 1970 reflect this change in policy.
3. After giving effect to the interest of the holders of the 5½% cumulative redeemable preferred shares including, in respect of the six months ended September 30, 1971, provision for a quarterly dividend declared in October 1971.
4. During the six months ended September 30, 1971, Locana Mineral Holdings Ltd. ceased to be a subsidiary of Hambro Corporation of Canada Limited, and accordingly working capital as at April 1, 1971 has been restated to reflect this change. Coincident with Locana Mineral Holdings Ltd. ceasing to be a subsidiary of the company, the company acquired the former's 100% interest in Locmin Ltd.

STATEMENT OF CONSOLIDATED EARNINGS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 1971

(with comparative figures for the six months ended October 31, 1970, as restated) (Notes 1 and 2)

Subject to year-end audit and adjustment

	<u>1971</u>	<u>1970</u>
Investment and management fee income.....	\$209,975	\$432,964
Expenses.....	<u>117,949</u>	<u>82,305</u>
Earnings before the undernoted items.....	\$ 92,026	\$350,659
Adjustment to increase (reduce) carrying value of trading securities to lower of cost and market (note 2).....	<u>(29,865)</u>	<u>15,285</u>
	\$ 62,161	\$365,944
Income and foreign withholding taxes.....	<u>14,600</u>	<u>26,244</u>
Earnings before net gain on investment portfolio changes.....	\$ 47,561	\$339,700
Net gain on investment portfolio changes.....	<u>633,578</u>	<u>57,789</u>
Net earnings for the period.....	<u>\$681,139</u>	<u>\$397,489</u>
Net earnings (loss) per common share:		
Before inclusion of net gain on investment portfolio changes (note 3).....	\$ (0.02)	\$ 0.25
Including net gain on investment portfolio changes (note 3).....	<u>\$ 0.57</u>	<u>\$ 0.31</u>

CONSOLIDATED NET ASSETS

	<u>September 30/71</u>	<u>October 31/70</u>
Book value.....	\$20,420,726	\$19,906,637
Market value.....	\$19,146,535	\$27,986,694
Market value per common share (note 3).....	\$ 15.39	\$ 23.61

STATEMENT OF CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 1971

(with comparative figures for the six months ended October 31, 1970, as restated) (Notes 1 and 2)

Subject to year-end audit and adjustment

	<u>1971</u>	<u>1970</u>
Funds were provided from:		
Operations—		
Net earnings for the period.....	\$ 681,139	\$ 397,489
Add depreciation, being a deduction from income not requiring a cash outlay.....	3,189	—
Total funds provided from operations.....	\$ 684,328	\$ 397,489
Sale of management contracts.....	12,718	—
Net decrease in investment portfolio.....	3,712,337	2,529,817
Total funds provided.....	<u>\$4,409,383</u>	<u>\$2,927,306</u>
Funds were applied to:		
Payment of dividends:		
Preferred.....	\$ 34,375	\$ 68,750
Common.....	—	134,944
Net purchase of fixed assets.....	3,992	—
Long-term asset acquired on consolidation of Locmin Ltd.....	16,203	—
Total funds applied.....	<u>\$ 54,570</u>	<u>\$ 203,694</u>
Net increase in working capital.....	\$4,354,813	\$2,723,612
Working capital, beginning of period (notes 2 & 4) ..	2,696,149	1,099,244
Working capital, end of period.....	<u><u>\$7,050,962</u></u>	<u><u>\$3,822,856</u></u>

